

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter is unchanged at \$1.1250, Grade A is unchanged at \$1.0400, and Grade B increased 1/2 cent to \$1.0300. Also at the CME, barrel cheese increased 2 cents to \$1.3100 and 40# blocks are unchanged at \$1.4300.

The Basic Formula Price (BFP) used in Federal Orders (F.O.) for December 1997 is \$13.29 per cwt. at 3.5% test. This price is 33 cents higher than last month and \$1.95 higher than December 1996. The December BFP is the November base month price of \$13.08 plus \$0.21, which is the change in the butter/powder/cheese formula price from November to December. For December, the NASS U.S. average 40# block cheese price was \$1.4163. The butterfat differential is \$0.122. The December Class III-A milk prices are: F.O.'s 1 and 2, \$12.52; F.O. 4, \$12.54; F.O.'s 124, 131, and 135, \$12.28; and all other affected F.O.'s, \$12.46.

On January 6, 1998, Agriculture Secretary Dan Glickman announced a new price insurance program for dairy farmers. This innovative pilot program will provide minimum pricing guarantees for dairy farmers through a cost-sharing agreement with the U.S. Department of Agriculture. The new Dairy Options Pilot Program offers eligible producers a financial safety net by allowing them to purchase options on the price of their milk. Under this program, when milk prices fall, producers will be able to offset losses based on projected future earnings, in effect insuring the price of their milk. The pilot program will give producers valuable risk management experience through commodity trading, and offer some of the skills needed to succeed under the current farm bill.

According to USDA, NASS, the index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in December 1997 was unchanged at 116. Compared with December 1996, the index was up 1 point (0.9%). The index of prices received by farmers for dairy products declined 1 point during the month of December 1997 to 111. Compared with December 1996, the index was up 2 points (1.8%). On a 3.5% butterfat basis, prices received by farmers in December with changes from November were: for All Milk, \$14.12, unchanged; for Fluid Grade Milk, \$14.23, up 11 cents; and for Manufacturing Grade Milk, \$12.85, up 2 cents.

According to USDA, NASS, butter production was 88.2 million pounds in November,

7.5% below November 1996 but 6.0% above October 1997. American type cheese production totaled 249.7 million pounds, 4.8% below November 1996 and 4.0% below October 1997. Total cheese output (excluding cottage cheese) was 599.6 million pounds, 0.7% above November 1996 but 3.2% below October 1997. Nonfat dry milk production, for human food, totaled 73.6 million pounds, 4.1% below November 1996 but 1.5% above October 1997. Dry whey production, for human food, was 83.1 million pounds, 10.9% above November 1996 but 5.7% below October 1997.

Milk production is steady to seasonally higher in most areas of the country. Adverse weather conditions are affecting milk output in several areas. In New Mexico, milk output has been dramatically impacted by a recent blizzard and unseasonably cold weather. In the Northeast, heavy snowfalls, coupled with other difficulties, presented problems in processing all the milk. Good weather in California is presenting good conditions for milk production. Surplus milk is still available. Class I demand is increased as more schools restarted following the winter break.

During the period of January 1-9, CCC purchased 2,504,785 pounds of Western NDM under the price support program.

**CORRECTIONS:** -- For calendar year 1997, CCC purchased 1,907,558 pounds of cheese under the price support program.

-- In report 53, page 9, the CME Barrel price for Report Number 53 should read \$1.2900 and the December average should read \$1.2809.

\*\*\*SPECIAL THIS ISSUE\*\*\*

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BUTTER MARKETSCHICAGO WHOLESALE

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	JANUARY 6	JANUARY 8	JANUARY 9
AA	\$1.1150 - 1.1250	\$1.1150 - 1.1250	\$1.1150 - 1.1250
A	\$1.0300 - 1.0400	\$1.0300 - 1.0400	\$1.0300 - 1.0400

( ) Change from previous price.

**BUTTER HIGHLIGHTS:** In cash trading at the Chicago Mercantile Exchange, Grades AA & A are unchanged, but Grade B increased 1/2 cent. Churning schedules remain seasonally active, although lighter than the past few weeks. Some producers that committed to producing butter for export are resuming that production. Cream supplies are available, but less than during the past holiday period. Stocks of butter range from adequate to in balance with demand. Buying interest is fairly good, especially from those buyers that have been out of the market or have been placing only immediate need orders.

CHICAGO MERCANTILE EXCHANGEBUTTER TRANSACTIONS ON FRIDAY, JANUARY 9, 1998

(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	N.C.	\$1.1250 : BID 01/09/98
A	N.C.	\$1.0400 : BID 01/09/98
B	+.0050	\$1.0300 : BID 01/09/98

SALES: 1 CAR GRADE AA @ \$1.1150

BIDS UNFILLED: 12 CARS GRADE AA: 3 @ \$0.9000, 1 @ \$0.9500,  
1 @ \$0.9600, 3 @ \$1.0000, 1 @ \$1.0100,  
1 @ \$1.0500, 1 @ \$1.0550, 1 @ \$1.1250 (LST)  
4 CARS GRADE A:  
2 @ \$1.0000, 1 @ \$1.0100, 1 @ \$1.0400 (LST)  
3 CARS GRADE B:  
2 @ \$0.9500, 1 @ \$1.0300 (LST)

OFFERS UNCOVERED: NONE

CHEESE MARKETSWISCONSIN ASSEMBLY POINTS

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	JANUARY 5 - 9, 1998
BARRELS*	\$1.2900 - 1.3100 (NOMINAL) (.0200) (.0200)
40# BLOCKS	\$1.4300 - 1.4600 (NOMINAL)

( ) Change from previous week. \* If steel, barrel returned.

**CHEESE HIGHLIGHTS:** The cheese market is unsettled. At the Chicago Mercantile Exchange, 40# blocks were steady at \$1.4300 and barrels increased 2 cents to \$1.3100 in moderate to heavy trading. Current orders range from good to somewhat disappointing. Extra cheese produced with holiday surplus milk is available and finding mixed buyer interest. Cheese output has declined in 1998 from year end holiday levels. Superbowl cheese orders need to be completed and shipped soon. A CCC process cheese purchase may be found on page 15 of this report.

CHEESE TRANSACTIONS ON THURSDAY, JANUARY 8, 1998

(CARLOAD UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	+.0200	\$1.3100 : SALE 01/08/98
40# BLOCKS	N.C.	\$1.4300 : SALE 01/08/98

SALES: 13 CARS BARRELS: 9 @ \$1.3100,  
2 @ \$1.3200, 1 @ \$1.3175, 1 @ \$1.3100 (LST)

33 CARS 40# BLOCKS:  
32 @ \$1.4275, 1 @ \$1.4300 (LST)

BIDS UNFILLED: NONE

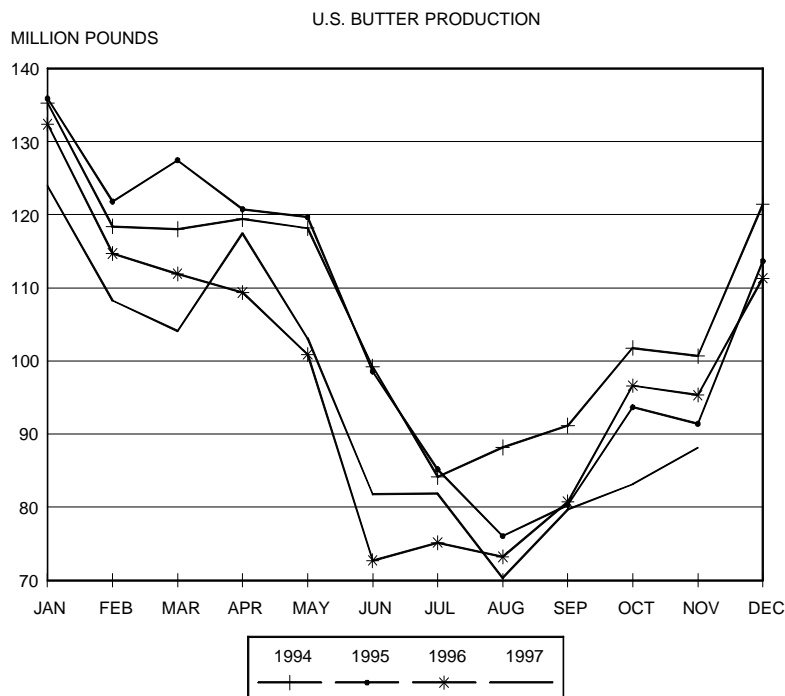
OFFERS UNCOVERED: 5 CARS BARRELS @ \$1.3200  
2 CARS 40# BLOCKS @ \$1.4300

**NASS CHEDDAR CHEESE PRICE SURVEY**

WEEK ENDING - DECEMBER 26

The following are among the figures used in the calculation of the  
NASS 40# block cheese average for December.

	<u>MN/WI</u>	<u>WEST</u>	<u>U.S.</u>
40# BLOCKS	1.4413 793,693	1.4083 3,371,747	1.4157 4,218,689
640# BLOCKS			<u>U.S.</u> 1.4414 1,124,196
BARRELS (adjusted to 39% moisture)	<u>MN/WI</u> 1.2816 3,708,440	<u>WEST</u> 1.2475 4,320,676	<u>U.S.</u> 1.2632 8,029,116

**PRINT BUTTER MARKETS - GRADE AA****NORTHEAST**

Prices are 2 1/2 cents lower. The market tone is still unsettled as contacts on both the production and procuring side of the market wonder where prices will end up. Production has been heavy during the year end holiday period when cream volumes were excessive and relatively inexpensive. Producers' stocks are still closely balanced, but some did add to their inventories over the holidays. Demand for bulk and print butter is still good and contacts report that more buyers are trying to contract for volumes for 1998. Retail and food service orders are steady to lighter. Retailers are often working off existing inventories before reordering. However, some are now placing orders because they did not purchase during the last couple weeks of 1997. Distributors are more active this week as many operated on abbreviated schedules during the past couple weeks and they are trying to get caught up and back on a normal schedule.

WHOLESALE PRICES: MIN 25 BOXES

DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	: 1.3350-1.5825
1 LB. PRINTS	: 1.2500-1.4325
CHIPS/PATTIES	: 1.3125-1.4925
REDDIES	: 1.3875-1.5825
CONTINENTALS	: 1.4675-1.6425

**CENTRAL**

Print butter markets remain unsettled with prices generally 2 1/2 cents lower following December 31 cash trading at the Chicago Mercantile Exchange. Churning schedules at most butter operations during the past few weeks were at capacity levels. In many instances, more cream was available to Midwestern churns than operations could absorb. Post holiday buyer interest is mixed. Some buyers are returning to the market and placing sizable butter orders while others continue to place only short term or immediate need orders. Some scattered retail feature activity is occurring, stimulating good butter sales. During November, butter production in the United States totaled nearly 88.2 million pounds, 7.5% less than last November, but 6.0% more than October 1997.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	: 1.2250-1.6325
1 LB. PRINTS	: 1.1900-1.3525
CHIPS/PATTIES	: 1.2150-1.4250
REDDIES	: 1.3000-1.5350
CONTINENTALS	: 1.4550-1.6450

**WEST**

Western print butter prices range from steady to about 2 1/2 cents lower. Production has declined a bit after the additional holiday milk that had been available for a couple of weeks has disappeared. Cream sales within the region and to other areas have picked up. Sales are rated as fair to slow. Most feel that sales turned out quite good for the past holiday season. Producers are talking about exporting butter, but have not put anything new together at this time, but they are filling some previous orders. November U.S. butter production totaled 88.2 million pounds, down 7.5% from last year. Cumulative output for the first eleven months of 1997 totals 1.04 billion pounds, down 2.0% from the same period last year. Output for selected Western states compared to last year is as follows: California is down 17.5%, Oregon is up 19.5%, and Washington is down 33.8%.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES

150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	: 1.4075-1.4750
1 LB. PRINTS	: 1.3375-1.3975
PATTIES	: 1.3800-1.5450
REDDIES	: 1.5050-1.5225

FOB CALIFORNIA PLANTS - GRADE AA

100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	: 1.1225-1.1625
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
01/05/98	5,968	104,887
01/01/98	5,399	102,728
CHANGE	+ 569	+ 2,159
% CHANGE	+ 11	+ 2

Based on the historical relationship of the preliminary U.S. Cold Storage report of Nov. 30, 1997 and the selected centers storage report, the expected U.S. holdings as of Jan. 1, 1998 are:

Butter 14 million pounds plus or minus 0.93 percent  
Cheese 378 million pounds plus or minus 2.00 percent

**NASS CHEDDAR CHEESE PRICE SURVEY**

WEEK ENDING	<u>MN/WI</u>	<u>40# BLOCKS</u>	<u>640# BLOCKS</u>	<u>BARRELS (adjusted to 39% moisture)</u>
		<u>WEST</u>	<u>U.S.</u>	<u>OTH STATES</u>
JANUARY 2	1.4474 1,322,061	1.4054 4,773,229	1.4153 6,284,826	1.2942 3,653,352
			1.4337 1,320,727	1.2553 7,280,336
				<u>U.S.</u> 1.2682 10,933,688

Further data may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

## CHEESE MARKETS

## NORTHEAST

Prices are mixed. Some adjustments higher on natural cheddar items were noted, but process prices were mixed. The market tone is still unsettled. Production levels, in the East, ranged from steady to heavier during the holiday period. More milk was available for manufacturing, but as schools reopened, surplus milk volumes fell. Seasonally, more milk is available to Southern plants. Cheese stocks are light to moderate. Retail and food service demand is holding up quite well. However, after January 1, restaurant traffic usually decreases from the good, pre-Christmas levels.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.4550-1.9125
Cheddar Single Daisies	:	1.4550-1.9175
Cheddar 40# Block	:	1.5675-1.7275
Process 5# Loaf	:	1.5000-1.6275
Process 5# Sliced	:	1.5200-1.6850
Muenster	:	1.6100-2.0125
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

## MIDWEST

The cheese market is unsettled with a weak undertone. At the Chicago Mercantile Exchange on December 31, the price of blocks was unchanged at \$1.4300 and barrels increased 1 cent to \$1.2900. Current spot interest is mixed ranging from good, mainly on natural, to disappointing for other sellers. Cheddar interest is mixed, but prices continue to be pressured from Western sources. Non-cheddar interest is generally the best for most operations. At least one processor was running heavier schedules in order to make up for the reduced schedules during the holidays and inventory positioning. A little extra demand was noted for barrels with some age on to help fill CCC market price process contracts. Most orders for Superbowl activities will need to be shipped from at least the processor/packager level next week. Milk offerings for cheese manufacturing have declined after schools reopened early this week. Estimated American cheese output in selected Midwestern states during November compared to November 1996 is: Wisconsin 71.7 million pounds, down 1.5 million pounds (2.1%); Minnesota 37.5 million pounds, off 7.5 million pounds (16.6%); and Iowa 8.8 million pounds, down 0.2 million pounds (1.9%).

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4975-1.6400
Brick And/Or Muenster 5#	:	1.7100-1.8875
Cheddar 40# Block	:	1.6800-1.9150
Monterey Jack 10#	:	1.8800-1.9150
Blue 5#	:	2.0325-2.2500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7900-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2800-2.4850

## WEST

Natural and Swiss prices are steady while process cheese continues to show a little strength. Western contacts continue to wonder how long cheese prices can hold at these relatively high levels. Barrel production plants continue to be concerned with the price relationship between barrel and block cheese and the increasing BFP price. Most contacts note that sales activity is not as good as they hoped for this post holiday time period. Total cheese production in November for the U.S. reached 599.6 million pounds, up 0.7% from last year. Cumulative output for the first eleven months of the year totals 6.7 billion pounds, up 1.9% from the same period in 1996. November output compared to last year for selected Western states is as follows: California is up 7.6%, Idaho is up 13.4%, Oregon is down 7.6%, Utah is down 41.3%, and Washington is up 32.3%.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4800-1.7325
Cheddar 40# Block	:	1.6125-1.7300
Cheddar 10# Cuts	:	1.7500-1.9525
Monterey Jack 10#	:	1.7150-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

## FOREIGN TYPE

Prices are mostly unchanged. The market tone is often weaker and following seasonal patterns. Importers have been and are assessing their situation with regard to licensing needs and imports for the coming year. Reports indicate that the U.S. has granted Hungary's request to re-allocate its tariff-rate quota. Therefore, effective January 1, 1998, Hungary will be permitted to import its full tariff-rate quota as Swiss or Emmentaler cheese. Current demand for foreign type and imported cheese is slow to fair.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.7650-2.3750
Gorgonzola	: 3.2400-5.9400	: 2.4300-2.4950
Parmesan (Italy)	: TFEWR	: 3.1750-3.2125
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.4375-1.9450
Romano (Cows Milk)	: -0-	: 2.9625-3.2150
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.

## FLUID MILK AND CREAM

## E A S T

Following the announcement of the December BFP, Eastern Milk Market Administrators announced changes to their class prices. The December BFP is \$13.29, up \$0.33 from November. In all orders in the East, February Class I & II and the December Class III milk prices will be up \$0.33 from the previous month. The December Class III-A is \$12.52 in orders 1 & 2, \$12.54 in order 4, and \$12.46 in all other Eastern orders. The butterfat differential is \$0.122. Milk production is mostly steady to higher. Heavy rain is falling in Louisiana and other Southern states, but, at this time, doesn't seem to be affecting the milk flow which is increasing. In Florida, milk production is rebounding quickly from the holiday period when heavy rains slowed output. Florida handlers are nicely balanced this week and no loads are being shipped out or imported. Elsewhere, contacts report very heavy milk supplies during the holidays. The heavier volumes were exacerbated by snow storms, local power outages, bad road conditions, and other plant problems. Unconfirmed reports noted that some milk may have been dumped in New England because of lack of trucks. Long waits to unload tied up haulers for very long times. And, plants with mechanical problems had to ship milk out of the region at distressed prices. Some manufacturing plants are just now getting caught with holiday milk. Bottled milk sales are very good this week. School lunch pipelines are being refilled and, typically, orders are very heavy. The condensed skim market is mixed. Prices are unchanged to higher. The increased prices are reflective of the higher Class II milk prices. Some buyers, unhappy about rising costs, are bargaining for lower prices and/or switching back to NDM which is currently priced below wet solids. The fluid cream market is fairly firm. Cream offerings are down and demand is improved. Spot prices are often lower following the 2 1/2 cent drop in butter prices. However, multiples are often higher and some price increases were noted. Ice cream production is increasing as plants that were closed over the holidays are now back on line. Production of sour cream and bottled cream has slowed and egg nog output has ceased at most plants. Cream cheese output is about steady to heavier when and where more cream is available. Churning activity is a little lighter after a very heavy period during the holidays.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.3363 - 1.4560
Delivered Equivalent Atlanta	-	1.3363 - 1.5838 M 1.3520 - 1.4352
F.O.B. Producing Plants: Upper Midwest	-	1.4171 - 1.4910

## PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	1.0200 - 1.2500
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## M I D W E S T

## WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
DECEMBER 31 - JANUARY 8, 1998	2
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1997	0

## DESTINATIONS: KENTUCKY 2

Class I interest rebounded sharply from the holiday reduced levels of the past two weeks. The reopening of schools in 1998, combined with the usually stronger first of the month retail sales, and bad weather stimulated Class I interest. Besides the milk shipments reported, 4 loads of Wisconsin milk are "direct shipped" and pooled under a Southern Federal Order. Another 7 loads was shipped to Ohio. Overall, the New Year weekend surplus offerings seemed easier to handle than the previous holiday weekend for most manufacturers.

Spot manufacturing milk supplies dried up early in the week. Depending on location, reported spot milk prices as low as \$9.00 were paid for limited quantities of holiday milk, though the majority occurred at over \$11.00. A few reports indicate that surplus loads sold early in 1998 cleared at near class prices. Cream prices are generally lower, reflecting declines in the butter prices at the Chicago Mercantile Exchange. Cream demand is very good both from churners and ice cream accounts. Some firms that had been closed for a couple weeks at year end are trying to build inventory of storable products such as ice cream in the off-season. Current milk intakes are about steady. Unseasonably warm temperatures melted off the snow though some areas received freezing rain that caused other problems. Tested hay sold at Wisconsin auctions during the week ending January 8 for premium quality (RFV over 151) sold for \$155.00 - 162.50 per ton. Good quality (RFV 125-151) sold for \$115.00 - 170.00 per ton and good quality (RFV 103-124) went for \$95.00 - 135.00, mostly 122.50 - 135.00 per ton.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	DEC 30 - JAN 8	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 38.00	\$ 30.00- 34.00
REPLACEMENT HEIFER CALVES	\$120.00-175.00	\$100.00-125.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	DEC 30 - JAN 8	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.00- 37.50	\$ 29.00- 36.00

## W E S T

The February and March 1998 Class 1 prices in California range from \$15.17 in the north to \$15.44 in the south. The statewide average Class 1 based on production is \$15.23. The average is 35 cents higher than the prior period, and 85 cents above the previous year. The December 4a price (butter/powder) in California is \$12.93, down 92 cents from November 1997 but \$1.35 higher than last year. The 4b price (cheese) is \$12.55, 22 cents higher than last month and \$1.88 higher than last year. November pool receipts of milk in California total 2.20 billion pounds, up 8.8% from last year. The blend price at a fat test of 3.67% is up 34 cents to \$13.72. The percentage of receipts used in Class 1 products is 23.90%. The November quota price is \$14.40, up 18 cents from last month, but down 2 cents from last November. The base and overbase price is \$12.70, also 18 cents higher than last month and 2 cents lower than a year ago. Milk production in California remains strong and surplus milk is still being worked through at some facilities. New Mexico producers are still fighting the effect of the year end blizzard that targeted the Southeastern corner of the state. Early reports indicate that some cows were lost due to the storm, milk was dumped at the farms due to electrical outages, and that the snow made the going tough to feed cows and stock. A report indicated that a heifer raising facility lost around 3,000 head of calves. The melting snow is providing new obstacles in the form of wet and muddy pens. Milk yields are expected to suffer, but exact figures are not available. Cream demand is rated as fair to good and cream continues to move out of the region. Multiples are in the 1.29 to 1.35 range times the CME Grade A price. Normal weather patterns are the rule over the Pacific Northwest. Moisture is behind normal, but it is catching up. Milk production is not being impacted by the weather. Some contacts note that milk is being affected by lower quality forage supplies. Transportation issues are mixed around the West. Some areas have improved, but others continue to suffer long delays. More producers have covered a major portion of their feed and concentrate needs. In the northern Mountain States region, the warm weather of last week has been replaced by cold and snow again. Some contacts note that milk is beginning to increase because of the generally mild weather.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 01/08/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

The price range has widened, but the mostly is unchanged. The market tone is flat. Demand is unaggressive. USDA, Commodity Credit Corporation, announced, effective January 1, 1998, that the support purchase price for nonfortified nonfat dry milk is \$1.0280, down 1.9 cents per pound. Contacts report that this announcement has not yet affected current market prices. Producers' stocks are adequate for needs. U.S. production of human food NDM during November totaled 73.6 million pounds, down 4.1% from last year but 1.5% higher than October. (Combined MN and WI production during November totaled 1,130,000 pounds.) Manufacturers' stocks at the end of November totaled 100.6 million pounds, more than double last year but 9.0% less than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0300 - 1.1100 MOSTLY: 1.0450 - 1.0600

**DRY BUTTERMILK - CENTRAL**

Prices are lower and the market tone remains weak. Sales activity within the region is slow and limited. Buyers continue to focus their attention out West where prices are lower. During November, dry buttermilk production totaled 4.0 million pounds, down 8.4% from last year and 4.8% lower than October. End-of-month stocks totaled 3.2 million pounds, up 27.0% from a year earlier and 21.4% higher than last month.

BUTTERMILK: .9300 - .9600

**DRY WHEY - CENTRAL**

Prices are significantly lower and the market tone is softening. Over the holidays, production schedules were active. Many manufacturers have replenished their stocks and most are offering product again. Even with lower prices, demand is very slow. The market has yet to be fully tested as buyers are being cautious and waiting to purchase. Several end users state that they are comfortable working off current inventories until prices decline. U.S. production of human food whey during November totaled 83.1 million pounds, 10.9% more than last year but 5.7% less than last month. End-of-November stocks, at 27.0 million pounds, are 1.4% less than last year but 3.2% higher than October. Production in November with changes from 1996 are: Wisconsin, 22.0 million pounds, down 1.9% and Minnesota, 7.4 million pounds, down 6.0%.

NONHYGROSCOPIC: .2850 - .3375 MOSTLY: .3100 - .3200

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged for all feed types except roller ground. Increased production of edible whey over the holidays has helped to rebuild feed whey stocks. Offerings have increased and more sales have been reported. Demand for delactose is stronger. Production levels are steady to higher. Roller ground prices are higher on the top end of the range. Producers are filling contracts and spot sales are limited.

MILK REPLACER:	.2800 - .3225
STANDARD:	.2775 - .3125
ROLLER GROUND:	.3000 - .3450
DELACTOSE (Min. 20% protein):	.3400 - .3675

**LACTOSE - CENTRAL AND WEST**

First quarter contract prices are higher than fourth quarter agreements. As a result, the mostly range has increased. Spot interest remains strong, especially from feed accounts, and product is moving well through the marketplace. Inventories range from adequate to short of needs. Production is steady to higher. Financial problems in Asia are a growing concern for many domestic exporters. U.S. lactose production during November totaled 31.4 million pounds, down 7.8% from last year and 1.8% lower than October. End-of-November stocks, at 19.4 million pounds, are 22.8% higher than last year but 10.0% less than last month. Production in November with changes from 1996 are: Minnesota, 8.8 million pounds, -4.1%; and Wisconsin, 7.5 million pounds, down 7.5%.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2600 MOSTLY: .2100 - .2250

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged and the market tone is steady. Demand remains good and spot loads are quickly purchased when offered. Production levels were active over the holidays with the flush of available surplus milk. Many plants continue to run near full capacity through the week. Stocks range from comfortable to tight. U.S. production of human food WPC during November totaled 22.1 million pounds, a 12.2% increase from last year and 1.8% higher than the previous month. Manufacturers' stocks at the end of November totaled 8.7 million pounds, 6.3% lower than last year but 4.9% higher than last month.

EXTRA GRADE 34% PROTEIN: .5775 - .6275 MOSTLY: .6050 - .6100

**NONFAT DRY MILK - WEST**

Prices are unchanged for the low/medium heat range, but lower for high heat. The market tone remains unsettled on the weak side. The USDA, CCC announced the NDM support price reduction of 1.9 cents to \$1.0280, effective January 1, 1998. The reduction was what most contacts expected and market prices had already adjusted downwards. NDM produced before January 1 can still be offered to the CCC at the prior support price. During the period December 25 - 31, 2,801,253 pounds of NDM were offered. Additional offerings at the old support price continued this week. NDM production was strong over the past couple of weeks as producers processed surplus milk. Stocks are available at most plant locations. U.S. NDM production in November totaled 73.6 million pounds, down 4.1% from last year but up 1.5% from October. Stocks at the end of the month were reported at 100.6 million pounds, up more than double from last year but 9.0% lower than last month. November production in California totaled 42.8 million pounds, up 12.8% from last year, and Washington output totaled 9.6 million pounds, down 36.9% from a year ago. Compared to year ago production figures through November 1997, output is up 15.1%.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0200 - 1.0650 MOSTLY: 1.0300 - 1.0400  
HIGH HEAT: 1.0500 - 1.0750

**DRY BUTTERMILK - WEST**

Buttermilk prices are holding mostly steady with limited higher sales reported. The market tone remains on the weak side, but increased demand is clearing some of the inventories that had been building. Price seems to be the biggest factor to move product. Several buyers do not expect lower prices and are taking positions. Production was heavier over the holiday due to higher churning schedules and the lack of condensed buttermilk orders. U.S. buttermilk powder production in November totaled 4.0 million pounds, down 8.4% from last year and 4.8% lower than October. Stocks at the end of the month were reported at 3.2 million pounds, up 27.0% from a year earlier and 21.4% higher from October.

BUTTERMILK: .8300 - .9200 MOSTLY: .8700 - .9000

**DRY WHEY - WEST**

Those firms that depend on exporting for a portion of their sales activity are lowering prices to get some powder moving. Stocks accumulated at a much faster rate than most had anticipated over the year-end holidays. These prices seem to be acceptable to Far Eastern importers for the time being. However, contacts are very concerned about the very delicate balance of the financial situation in that region. Many are not optimistic about future sales. Competition from Europe and Canada is less than has been the rule in recent months. Domestic orders range from steady to slightly slower. November production of edible dry whey was up 10.9% in the U.S. to 83.1 million pounds. There seems to have been some switching of whey solids from producing other products back into dry whey. Whey stocks at the end of November total 26.9 million pounds, down 1.4% from last year.

NONHYGROSCOPIC: .2300 - .3000 MOSTLY: .2600 - .2900

**CALIFORNIA MANUFACTURING PLANTS**

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended January 02, on powder sales of 11,616,911 pounds f.o.b. California manufacturing plants was \$1.0363 per pound. This compares to 7,536,315 pounds at \$1.0415 for the previous week ending December 26, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

**NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS**

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

**NONFAT DRY MILK - NORTHEAST and SOUTHEAST**

Prices are steady to lower and the market tone remains relatively weak. Drying schedules are a little lighter now that the holidays are over, but most Eastern dryers had burdensome volumes of milk to process over the holidays. Inventories grew significantly at most operations. Demand is fair, but attractively priced offerings are helping to stimulate additional interest. Also, prices for condensed skim are increasing and some users are switching back to NDM as a less expensive source of solids. CCC's recent announcement of a 1.9 cent reduction in the support purchase price of NDM (now \$1.0280) seems to be having little effect on the Eastern market. Production of human food, nonfat dry milk during November 1997 totaled 73.6 million pounds, down 4.1% from November 1996 but 1.5% more than October 1997. Month ending stocks, at 100.6 million pounds, are more than double a year ago but 9.0% less than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST: 1.0300 - 1.1200 MOSTLY 1.0300 - 1.0500  
DELVD SOUTHEAST: 1.0600 - 1.0850

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are steady to lower. Production levels are lower this week after heavier output during the holidays. Some operations are moving condensed buttermilk to free up dryer time for NDM production. Producers' stocks are closely balanced in the East. Contacts report improved interest, particularly for product priced at the lower end of the ranges. Dry buttermilk production during November 1997 totaled 4.0 million pounds, down 8.4% from November 1996 and down 4.8% from October 1997. Month ending stocks, at 3.2 million pounds, are 27.0% more than a year ago and 21.4% more than last month.

F.O.B. NORTHEAST: .9400 - .9800  
DELVD SOUTHEAST: .9200 - .9750

**DRY WHOLE MILK - NATIONAL**

Prices are steady to higher within the range. The 33-cent increase in December's BFP, caused some producers to move prices up 3-5 cents. Production levels have been lighter as plants were making NDM to more quickly process their milk. Demand is fair. Dry whole milk production during November 1997 totaled 9.5 million pounds, up 23.1% from November 1996 but 24.5% below October 1997. Month ending stocks, at 4.0 million pounds, are 53.3% above a year ago but 21.0% below last month.

F.O.B. PRODUCING PLANT: 1.2500 - 1.3500

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 1997 THROUGH JANUARY 2, 1997  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	79,909	MT (176,167,190 LBS)
CHANGE	--	258	MT (568,787 LBS)
WHOLE MILK POWDER	--	5,878	MT (12,958,638 LBS)
CHEESE	--	2,040	MT (4,497,384 LBS)
CHANGE	--	129	MT (284,393 LBS)
BUTTERFAT	--	15,306	MT (33,743,607 LBS)
CHANGE	--	211	MT (465,211 LBS)

Allocations for the DEIP year beginning July 1, 1997 are: Nonfat dry milk - 92,217 MT;  
Whole Milk Powder - 7,487 MT; Cheese - 3,510 MT; Butterfat - 34,232 MT

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are often lower and the market tone is weak. Production levels are up at some plants, steady at others. Some contacts that reported being quite well balanced a few weeks ago are now long and asking for bids. Other plants are still fairly well balanced, but demand is slow and their stocks are increasing. Typically for a falling market, buyers are taking a wait and see attitude toward spot purchases. Contracted volumes are clearing, but spot sales are limited. All of these circumstances can and do create some rather large price swings. Production of human food, dry whey during November 1997 totaled 83.1 million pounds, 10.9% more than November 1996 but 5.7% less than October 1997. Month ending stocks, at 26.9 million pounds, are 1.4% below a year ago but 3.2% above last month.

F.O.B. NORTHEAST: EXTRA GRADE .3175 - .3300  
USPH GRADE A .3250 - .3550  
DELVD SOUTHEAST: .3325 - .3500

**ANIMAL FEED WHEY - NORTHEAST**

Prices remain too few to report. Dry, edible whey offerings are increasing and prices are falling. Animal feed buyers are still taking contracted volumes, but limiting spot purchases. Production of animal feed, dry whey during November totaled 3.7 million pounds, 1.8% less than November 1996 and 9.0% less than October 1997.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

**EVAPORATED MILK - NATIONAL**

Prices are mostly unchanged and the market tone is slowing along seasonal patterns. Demand has slowed significantly following the holidays. Some retail features are helping, but they are widely scattered. Producers are taking advantage of the seasonally heavy volumes of surplus milk to step up output and replenish inventories. Canned evaporated milk production during November 1997 totaled 53.9 million pounds, unchanged from November 1996 and 13.2% more than October 1997. Month ending stocks, at 27.9 million pounds, are 66.7% more than a year ago but 7.1% less than last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.50 - 33.00  
Excluding promotional and other sales allowances. Included new price announcements.

**CASEIN - NATIONAL**

Casein prices are mixed. First quarter contracts find rennet prices slightly lower while acid prices are slightly higher. Rennet stocks are reported to be readily available with acid in balance for needs. Buyers of casein state that they do not anticipate any problems in sourcing first and second quarter supplies with later year stocks still not fully negotiated. Casein imports during the first ten months of 1997 totaled 54,608,482 kilograms, 2% less than the comparable period in 1996. New Zealand and Ireland continue to be the leading sources for U.S. needs.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.1700 - 2.2000  
ACID: 2.0000 - 2.1500

## COFFEE, SUGAR, &amp; COCOA EXCHANGE AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	01/02	01/05	01/06	01/07
<b>CSCE CHEDDAR CHEESE</b> -- Cents per pound				
FEB 98	NO TRADING	138.30 (0) 0	138.30 (0) 0	138.30 (0) 0
<b>CSCE - NONFAT DRY MILK</b> -- Cents per pound				
JAN 98	NO TRADING	101.50 (0) 0	101.50 (0) 0	101.50 (0) 0
FEB 98		101.50 (0) 0	101.50 (0) 0	101.50 (0) 0
<b>CSCE - BUTTER</b> -- Cents per lb.				
FEB 98	NO TRADING	104.00 (0) 0	104.00 (0) 0	104.00 (0) 0
<b>CSCE - BFP</b> -- Dollars per cwt.				
JAN 98	NO TRADING	12.84 (165) 5	12.93 (171) 6	12.89 (171) 0
FEB 98		12.13 (163) 2	12.20 (169) 6	12.20 (169) 25
MAR 98		12.02 (97) 13	12.03 (99) 0	12.04 (99) 0
APR 98		11.80 (9) 2	11.80 (11) 2	11.85 (11) 0
MAY 98		11.90 (12) 2	11.88 (16) 4	11.93 (16) 0
<b>CSCE - FLUID MILK</b> -- Dollars per cwt.				
FEB 98	NO TRADING	14.33 (0) 0	14.33 (0) 0	14.33 (0) 0
<b>CME - BUTTER</b> -- Cents per pound				
FEB 98	110.75 (43) 0	110.75 (43) 0	110.50 (43) 0	110.50 (46) 6
MAR 98	112.00 (29) 0	112.00 (29) 0	112.00 (29) 0	112.00 (31) 3
<b>CME - BFP</b> -- Dollars per cwt.				
DEC 97	13.20 (180) 33			
JAN 98	12.80 (203) 8	12.82 (205) 12	12.86 (211) 22	12.87 (222) 15
FEB 98	12.20 (101) 9	12.20 (106) 18	12.20 (106) 0	12.19 (106) 0
MAR 98	12.05 (74) 4	12.06 (82) 12	12.06 (82) 16	12.07 (82) 0
APR 98	11.75 (25) 4	11.82 (25) 0	11.82 (37) 18	11.85 (37) 0
MAY 98	11.75 (14) 2	11.85 (16) 2	11.87 (24) 16	11.88 (23) 3
<b>CME - CHEDDAR CHEESE</b> -- Cents per pound				
JAN 98	133.50 (183) 0	134.00 (183) 0	134.00 (183) 0	134.00 (183) 0
MAR 98	130.00 (64) 3	130.50 (64) 0	130.50 (74) 21	130.50 (74) 0

1/ Open interest for NDM and cheddar -- 4 contracts equal 40,000 pounds. Open interest for fluid milk (at both exchanges) -- 1 contract equals 50,000 pounds. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered December 22, 1997 - January 9, 1998

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** The overall market conditions of European dairy products are much the same as they were last reported. The year-end holiday period did generate additional product, which in most instances, was well received. Milk production continues to bounce around at seasonally low levels, although weather conditions are quite favorable, causing slight increases in some regions. Most producers are closely monitoring their production levels, thus staying within quota levels. Some milk handlers are already stating that milk receipts are being impacted by quota monitoring. A strong U.S. dollar is causing European dairy product prices to adjust accordingly. Sales activity is light. Traders are reporting that buyer interest is still in the holiday mode, but anticipate improved market activity in the near future. Current buyer interest centers around internal market needs.

**BUTTER/BUTTEROIL:** Butter markets remain firm with prices basically unchanged. During the past holiday period, butter production in Europe was heavier, thus butter stocks were enhanced. With European butter prices at current levels, international buyer interest is quite slow. Russian buying has eased as shipments of previously contracted butter arrive and residents observe annual holidays. Traders have mixed opinions as to future buyer interest from Russia. Some feel that needs have been filled and buyer interest will be limited, while others anticipate renewed interest once the holidays have passed.

82% BUTTERFAT:	2,080 - 2,250
99% BUTTERFAT:	2,650 - 2,700

**SKIM MILK POWDER (SMP):** Skim milk powder markets are generally steady although prices are being influenced by the strong U.S. dollar. Stocks of powder are in balance with current needs. International buying interest is light as buyers have just completed, continue to observe, or are in the final days of their holiday season. Traders state that limited trading activity will probably continue for a short period of time. Production during the holiday period was mixed. Some areas of Europe experienced additional milk volumes, thus heavier diversions to the dryer, while others realized no production changes.

1.25% BUTTERFAT:	1,560 - 1,650
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are generally holding steady, although a strong U.S. dollar is causing prices to adjust slightly lower. Over the past holiday period, production was heavier, although in most instances, whole milk powder output continues to follow "made to order" needs. Buyer interest is light, but is expected to resume in the near future.

26% BUTTERFAT:	1,750 - 1,890
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**SWEET WHEY POWDER:** Whey powder markets are firm with prices steady to generally higher. Stock levels are reported to be tight. Domestic interest remains strong and with no alternative for whey, available stocks are receiving premium pricing. Traders are stating that current whey prices are at record setting high levels.

NONHYGROSCOPIC:	700 - 825
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**OVERVIEW: EASTERN EUROPE:** As in Western Europe, weather conditions are quite favorable for this time of the winter and milk production is holding steady at seasonally low levels. Outside of a firm whey market, most dairy product markets are steady to weak. Stocks of dairy products are sufficient for current demand with most sales activity centering around domestic needs.

## OCEANIA

**OVERVIEW:** Milk production patterns throughout the Oceania region continue to edge lower. The strong start to the production season is now easing. As conditions prevail at this time, milk handlers are estimating that overall milk output will be running at about the same level as last season. Weather conditions to this point have been quite good. Very recently, moisture has not been as plentiful, but not to the point that producers and handlers are overly concerned. They feel that El Nino influences are now starting to affect conditions in New Zealand and Australia. Although milk output has been strong during the first half of the production cycle, handlers are concerned about how the season will conclude. Overall trading activity remains slow. The currency situation in Southeast Asia and year-end holidays are two of the major factors limiting sales at this time. Most traders anticipate market activity to resume within the next 2 - 3 weeks.

**BUTTER:** Butter markets are generally steady with prices unchanged to slightly lower. A strong U.S. dollar is putting pressure on Oceania butter prices. Stocks of butter are reported to be reasonably tight. Overall buying interest is slow as many buyers are still operating on holiday schedules. The Southeast Asian currency situation continues to limit Oceania dairy product sales.

82% BUTTERFAT:	1,800 - 1,850
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**CHEDDAR CHEESE:** Cheese prices are generally unchanged following the year end holidays, but a weaker market tone is developing. Buying interest is not overly aggressive, although traders anticipate demand to improve as holiday observances throughout the world come to an end. Cheese production continues seasonably strong as milk volumes remain favorable. Stocks of cheese are reported to be sufficient for current and projected needs.

39% MAXIMUM MOISTURE:	2,000 - 2,200
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**SKIM MILK POWDER (SMP):** Skim milk powder markets are generally steady, although prices are unchanged to lower. Much of the current weakness is in response to a strong U.S. dollar. Stocks of powder are reported to be fully adequate for current buyer interest. International interest is slow as most buyers are assessing their need situation and monitoring what is happening within world markets before reentering the market. Shipments of previously contracted powder cleared during the past few weeks, with minimal new business occurring.

1.25% BUTTERFAT:	1,550 - 1,650
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are much the same as other dairy product markets during this period of time. Year-end holidays throughout the world have limited international trading activity. Stocks of whole milk powder are basically in balance with demand. New business is limited at this time, although traders anticipate more activity within the full cream market in the near future.

26% BUTTERFAT:	1,750 - 1,825
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Exchange rates for selected foreign currencies: January 5, 1998

.4862 Dutch Guilder	.5479 German Mark
.1637 French Franc	.5687 New Zealand Dollar
.1245 Mexican Peso	.6395 Australian Dollar
1.6300 British Pound	.0075 Japanese Yen
.2831 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos:  $(1/.1245) = 8.0321$ . That is 1 US Dollar equals 8.0321 Mexican Pesos.

Source: "Wall Street Journal"



## DECEMBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in December 1997 was unchanged at 116. Compared with December 1996, the index was up 1 point (0.9 percent). The index of prices received by farmers for dairy products declined 1 point during the month of December 1997 to 111. Compared with December 1996, the index was up 2 points (1.8 percent).

On a 3.5 percent butterfat basis, prices received by farmers in December with changes from November were: for All Milk, \$14.12 per hundredweight (cwt.), unchanged; for Fluid Grade Milk, \$14.23 per cwt., up 11 cents; and for Manufacturing Grade Milk, \$12.85 per cwt., up 2 cents.

## SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., DECEMBER 1997 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	NOVEMBER		DECEMBER		DECEMBER		DECEMBER		DECEMBER	
	1997 <u>2/</u>	1996 <u>2/</u>	1997 <u>4/</u>	1996 <u>2/</u>	1997	1996	1997 <u>7/</u>	1996 <u>8/</u>	1997	1996
CA	13.18	13.54	13.12	12.85	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		31.50	29.00	125.00	117.00
IA	13.50	14.57	13.40	13.56			38.80	27.70	112.00	106.00
MI	14.37	15.71	14.51	14.61			30.50	29.30	104.00	117.00
MN	13.95	13.47	13.76	12.87			31.50	28.50	90.00	87.00
NY	14.23	15.41	14.32	14.32			---	---	95.00	91.00
OH	13.90	16.19	14.15	14.49			29.00	27.10	139.00	162.00
PA	15.10	16.43	15.10	15.32			31.70	29.70	143.00	123.00
TX	14.83	16.29	15.07	14.79			32.20	27.40	66.00	82.00
WA	14.18	14.34	14.43	13.50			---	---	123.00	110.00
WI	14.22	13.58	14.25	12.91			32.90	29.70	97.00	90.00
U.S.	14.12	15.02	14.12	14.11			32.70	28.30	97.70	95.90

1/ Prices converted to 3.5 percent butterfat. 2/ Partially revised. 3/ Before deductions for hauling, and Government withholding; but including bulk-tank, quantity, or other premiums, excluding hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Average prices received by farmers. Includes cull dairy cows and beef cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND PARITY PRICE RELATIONSHIPS AND OTHER GENERAL PRICE MEASURES, U.S., DECEMBER 1997 WITH COMPARISONS 1/

ITEM		DECEMBER 1996	NOVEMBER 1997 <u>2/</u>	DECEMBER 1997 <u>3/</u>
<b>PRICES</b> (converted to 3.5 percent butterfat) received by farmers for:				
All milk	Dol. per cwt.	14.11	14.12	14.12
Fluid grade milk	Dol. per cwt.	14.22	14.12	14.23
Manufacturing grade milk	Dol. per cwt.	11.50	12.83	12.85
<b>INDEX NUMBERS</b> for:				
Prices received by farmers for dairy products (1990-92 = 100)	Index	109	112	111
Prices paid by farmers for commodities and services, interest taxes, and wage rates (1990-92=100)	Index	115	116	116
<b>PARITY PRICE</b> for all milk	Dol. per cwt.	28.80	29.30	29.50
<b>PARITY EQUIVALENT</b> price for manufacturing grade milk	Dol. per cwt.	26.35	26.60	26.79
<b>MILK FEED PRICE RATIO:</b> Pounds of concentrate ration fed to milk cows equal in value to one pound of milk <u>4/</u>		1.50	1.72	1.70

1/ Parity prices are based on data for the current month. Parity price equivalent during 1997 is 90.8% of the parity price of all milk sold to plants, compared with 91.4% in 1996. 2/ Partially revised. 3/ Preliminary. 4/ Computed by Dairy Division, AMS, USDA; based on concentrate ration value as reported quarterly in "Milk Production", NASS, USDA.

**SOURCE:** "Agricultural Prices," Pr 1 (12/97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

## NOVEMBER 1997 DAIRY PRODUCTS HIGHLIGHTS

**BUTTER** production was 88.2 million pounds in November, 7.5 percent below November 1996 but 6.0 percent above October 1997. **AMERICAN TYPE CHEESE** production totaled 249.7 million pounds, 4.8 percent below November 1996 and 4.0 percent below October 1997. **TOTAL CHEESE** output (excluding cottage cheese) was 599.6 million pounds, 0.7 percent above November 1996 but 3.2 percent below October 1997. **NONFAT DRY MILK** production, for human food, totaled 73.6 million pounds, 4.1 percent below November 1996 but 1.5 percent above October 1997. **DRY WHEY** production, for human food, was 83.1 million pounds, 10.9 percent above November 1996 but 5.7 percent below October 1997. **ICE CREAM** (hard) production totaled 54.4 million gallons, 6.8 percent above November 1996 but 18.5 percent below October 1997.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	NOV 1997	PERCENT CHANGE FROM:			PRODUCT	NOV 1997	PERCENT CHANGE FROM:		
	1,000 LBS.	NOV 1996	OCT 1997	YEAR TO DATE 1/		1,000 LBS.	NOV 1996	OCT 1997	YEAR TO DATE 1/
BUTTER	88,154	-7.5	6.0	-2.0	DRY BUTTERMILK	3,960	-8.4	-4.8	---
CHEESE					YOGURT (PLAIN AND FLAVORED)	112,267	1.7	-10.4	---
AMERICAN TYPES 2/	* 249,650	-4.8	-4.0	0.1	CONDENSED WHEY, SOLIDS CONTENT 8/				
CHEDDAR	194,185	-2.8	-5.9	2.8	SWEET-TYPE, HUMAN FOOD	3,064	-64.2	-11.0	---
SWISS	15,967	-2.2	-3.1	---	SWEET-TYPE, ANIMAL FEED	1,834	-6.1	-9.3	---
BRICK & MUENSTER	8,379	-15.6	-13.1	---	DRY WHEY PRODUCTS				
CREAM & NEUFCHATEL	61,907	5.3	-10.0	---	DRY WHEY, HUMAN FOOD	83,089	10.9	-5.7	---
BLUE	4,584	50.2	32.0	---	DRY WHEY, ANIMAL FEED	3,747	-1.8	-9.0	---
HISPANIC	5,254	---	-14.0	---	TOTAL DRY WHEY 9/	86,836	10.2	-5.8	1.1
MOZZARELLA	185,395	1.1	0.7	1.4	LACTOSE, HUMAN FOOD & ANIMAL FEED	31,374	-7.8	-1.8	---
OTHER ITALIAN TYPES	57,701	22.0	-2.2	12.7	WHEY PROTEIN CONCENTRATE				
TOTAL ITALIAN TYPES	243,096	5.4	---	3.6	HUMAN FOOD	22,064	12.2	1.8	---
ALL OTHER TYPES 3/	10,713	15.5	-9.7	---	ANIMAL FEED	3,116	12.3	1.1	---
TOTAL	599,550	0.7	-3.2	1.9	FROZEN PRODUCTS		1,000 GALLONS		PERCENT
COTTAGE CHEESE, CURD 4/	34,312	-2.8	-12.4	---	ICE CREAM (HARD)	54,368	6.8	-18.5	1.0
COTTAGE CHEESE, CREAMED 5/	27,815	-0.2	-11.4	-0.3	ICE CREAM, LOWFAT (HARD)	7,010	-14.0	-16.1	---
COTTAGE CHEESE, LOWFAT 6/	26,884	5.3	-11.1	4.5	ICE CREAM, LOWFAT (SOFT)	14,060	-8.1	-23.7	---
CANNED EVAPORATED & CONDENSED					ICE CREAM, LOWFAT (TOTAL)	21,070	-10.2	-21.4	-5.1
WHOLE MILK	53,867	---	13.2	---	SHERBET (HARD)	2,900	4.9	-17.7	-3.2
DRY WHOLE MILK	9,461	23.1	-24.5	---	YOGURT	5,982	-17.0	-15.1	-21.0
NONFAT DRY MILK, HUMAN FOOD	7/ 73,607	-4.1	1.5	15.1					
DRY SKIM MILK FOR ANIMAL FEED	355	-19.1	11.6	---					

MANUFACTURERS' STOCKS, END OF MONTH 10/							
PRODUCT	NOV 1997	PERCENT OF:		PRODUCT	NOV 1997	PERCENT OF:	
	1,000 LBS.	NOV 1996	OCT 1997		1,000 LBS.	NOV 1996	OCT 1997
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	26,905	-1.4	3.2	HUMAN FOOD	8,731	-6.3	4.9
DRY WHEY, ANIMAL FEED	2,372	-27.9	-16.2	ANIMAL FEED	1,268	66.2	-5.9
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 11/	9,249	80.3	3.0	CANNED EVAPORATED & CONDENSED WHOLE MILK	27,891	66.7	-7.1
LACTOSE, HUMAN FOOD & ANIMAL FEED	19,387	22.8	-10.0	DRY WHOLE MILK	3,968	53.3	-21.0
DRY BUTTERMILK, TOTAL	3,205	27.0	21.4	NONFAT DRY MILK FOR HUMAN FOOD	100,615	104.5	-9.0
				DRY SKIM MILK FOR ANIMAL FEED	970	11.4	6.7

1/ 1997 cumulative as percent of 1996 cumulative. 2/ Whole milk cheese, including Cheddar, colby, washed curd, stirred curd, monterey and jack. 3/ Does not include Part Skim cheese beginning January 1996 or Hispanic cheese beginning June 1996. 4/ Mostly used for processing into creamed or lowfat cottage cheese. 5/ Fat content 4 percent or more. 6/ Fat content less than 4 percent. 7/ Includes combined Minnesota and Wisconsin production of 1,130,000 lbs. 8/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 9/ Excludes all modified dry whey products. 10/ Stocks held by manufacturers at all points and in transit. 11/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. \*Includes combined Minnesota and Wisconsin production of 109,247,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (1-98), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

## FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

**BASIC FORMULA PRICE.** The Basic Formula Price for December 1997 is \$13.29 per hundredweight at 3.5 percent butterfat. The December Basic Formula Price is the November base month Minnesota-Wisconsin (M-W) price of \$13.08 at 3.5 percent plus a change of \$0.21, which is the change in the butter/powder/cheese formula from November 1997 to December 1997. The December 1997 Basic Formula Price is \$0.33 more than last month and \$1.95 more than the December 1996 Basic Formula Price. This Basic Formula Price is the Class III price for December 1997 and is to be used in February 1998 for establishing minimum Class I (fluid use) prices and minimum Class II prices under Federal milk orders. To arrive at the minimum Class I price for each market, a Class I differential, ranging from \$1.20 in the Upper Midwest order to \$4.18 in the Southeastern Florida order, is added to this basic formula price. To arrive at the minimum Class II price for all markets, a differential of \$0.30 is added to this basic formula price. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 12.2 cents. **MILK COMPONENT CONTENTS.** For the November 1997 base month M-W price, the butterfat content was 3.99 percent, protein 3.30 percent, and solids-not-fat 8.67 percent. For the December 1997 Basic Formula Price, the butterfat content was 3.96 percent, protein 3.26 percent, and solids-not-fat 8.64 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	DECEMBER								JANUARY			FEBRUARY	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1997	1996	1997	1996	1997	1996	1997	1996	1998	1997	1998	1998	1998
		DOLLARS								DOLLARS				
New England (Boston)	1 3/	16.07	17.37	13.13	14.43	13.35	11.40	12.52	11.81	16.20	14.85	13.26	16.53	13.59
New York/New Jersey (NY City)	2 4/	15.97	17.27	13.21	14.51	13.43	11.48	12.60	11.89	16.10	14.75	13.34	16.43	13.67
Middle Atlantic (Philadelphia/ Baltimore/Washington, DC)	4 5/	15.86	17.16	13.13	14.43	13.37	11.42	12.54	11.83	15.99	14.64	13.26	16.32	13.59
Carolina (Charlotte)	5	15.91	17.21	13.13	14.43	13.29	11.34	12.46	11.75	16.04	14.69	13.26	16.37	13.59
Southeast (Atlanta/Birmingham)	7	15.91	17.21	13.13	14.43	13.29	11.34	12.46	11.75	16.04	14.69	13.26	16.37	13.59
Upper Florida (Jacksonville/Tallahassee)	6	16.41	17.71	13.13	14.43	13.29	11.34	---	---	16.54	15.19	13.26	16.87	13.59
Tampa Bay	12	16.71	18.01	13.13	14.43	13.29	11.34	---	---	16.84	15.49	13.26	17.17	13.59
Southeastern Florida (Miami)	13	17.01	18.31	13.13	14.43	13.29	11.34	---	---	17.14	15.79	13.26	17.47	13.59
Michigan Upper Peninsula (Marquette)	44	14.18	15.48	13.13	14.43	13.29	11.34	12.46	11.75	14.31	12.96	13.26	14.64	13.59
Southern Michigan (Detroit)	40 6/	14.58	15.88	13.13	14.43	13.29	11.34	12.46	11.75	14.71	13.36	13.26	15.04	13.59
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	14.83	16.13	13.13	14.43	13.29	11.34	12.46	11.75	14.96	13.61	13.26	15.29	13.59
Ohio Valley (Columbus)	33	14.87	16.17	13.13	14.43	13.29	11.34	12.46	11.75	15.00	13.65	13.26	15.33	13.59

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	DECEMBER								JANUARY		FEBRUARY		
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1997	1996	1997	1996	1997	1996	1997	1996	1998	1997	1998	1998	1998
		DOLLARS								DOLLARS				
Indiana (Indianapolis)	49	14.73	16.03	13.13	14.43	13.29	11.34	12.46	11.75	14.86	13.51	13.26	15.19	13.59
Chicago Regional	30	14.23	15.53	13.13	14.43	13.29	11.34	12.46	11.75	14.36	13.01	13.26	14.69	13.59
Central Illinois (Peoria)	50	14.44	15.74	13.13	14.43	13.29	11.34	---	---	14.57	13.22	13.26	14.90	13.59
S. Illinois/E. Missouri (Alton)	32	14.75	16.05	13.13	14.43	13.29	11.34	---	---	14.88	13.53	13.26	15.21	13.59
Louisville/Lexington/Evansville	46	14.94	16.24	13.13	14.43	13.29	11.34	12.46	11.75	15.07	13.72	13.26	15.40	13.59
Upper Midwest (Minneapolis)	68	14.03	15.33	13.13	14.43	13.29	11.34	12.46	11.75	14.16	12.81	13.26	14.49	13.59
E. South Dakota (Sioux Falls)	76	14.33	15.63	13.13	14.43	13.29	11.34	---	---	14.46	13.11	13.26	14.79	13.59
Iowa (Des Moines)	79	14.38	15.68	13.13	14.43	13.29	11.34	12.46	11.75	14.51	13.16	13.26	14.84	13.59
Nebraska/W. IA. (Omaha/Sioux City)	65	14.58	15.88	13.13	14.43	13.29	11.34	12.46	11.75	14.71	13.36	13.26	15.04	13.59
Greater Kansas City	64	14.75	16.05	13.13	14.43	13.29	11.34	---	---	14.88	13.53	13.26	15.21	13.59
Southwest Plains (Oklahoma City)	106	15.60	16.90	13.13	14.43	13.29	11.34	12.46	11.75	15.73	14.38	13.26	16.06	13.59
Texas (Dallas)	126	15.99	17.29	13.13	14.43	13.29	11.34	12.46	11.75	16.12	14.77	13.26	16.45	13.59
Eastern Colorado (Denver)	137	15.56	16.86	13.13	14.43	13.29	11.34	---	---	15.69	14.34	13.26	16.02	13.59
Western Colorado (Grand Junction)	134	14.83	16.13	13.13	14.43	13.29	11.34	---	---	14.96	13.61	13.26	15.29	13.59
SW Idaho/Eastern Oregon (Boise)	135	14.33	15.63	13.13	14.43	13.29	11.34	12.28	11.15	14.46	13.11	13.26	14.79	13.59
Great Basin (Salt Lake City)	139	14.73	16.03	13.13	14.43	13.29	11.34	---	---	14.86	13.51	13.26	15.19	13.59
Central Arizona (Phoenix)	131	15.35	16.65	13.13	14.43	13.29	11.34	12.28	11.15	15.48	14.13	13.26	15.81	13.59
New Mexico/West Texas (Albuquerque)	138	15.18	16.48	13.13	14.43	13.29	11.34	12.46	11.75	15.31	13.96	13.26	15.64	13.59
Pacific Northwest (Seattle/Portland)	124	14.73	16.03	13.13	14.43	13.29	11.34	12.28	11.15	14.86	13.51	13.26	15.19	13.59
SIMPLE AVERAGE	---	15.15	16.45	13.13	14.43	13.30	11.35	12.45	11.68	15.28	13.93	13.26	15.61	13.59

\* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in January 1998 is \$16.53 per 100 pounds or \$1.42 per gallon (\$16.53 divided by 11.63 equals \$1.4213).

1/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order resumed effective June 1, 1996. This assessment applies to all persons who process and market more than 500,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia during the month.

2/ Names in parentheses are principal cities and pricing points of markets.

3/ Zone 1, Boston. Class I price at 201-210 mile zone--72 cents less.

4/ New York City metropolitan area. Prices at 201-210 mile zone: Class I - 72 cents less, Class II - 8 cents less, Class III - 8 cents less, and Class III-A - 8 cents less.

5/ Prices exclude a 6-cent direct delivery differential applicable to milk delivered to Philadelphia.

6/ Prices exclude a 10-cent direct delivery differential applicable to milk delivered to Detroit metropolitan area.

1998	MONTHLY	AVERAGE	RELEASE	TIMES
MONTH	RELEASE DAY AND TIME*		PRINT SCHEDULE	
JANUARY	MON, FEB 2 @ 9:00AM		RPT # 5, 2/2 - 6	
FEBRUARY	MON, MAR 2 @ 9:00AM		RPT # 9, 3/2 - 6	
MARCH	FRI, APR 3 @ 9:00AM		RPT # 13, 3/30 - 4/3	
APRIL	FRI, MAY 1 @ 9:00AM		RPT # 17, 4/24 - 5/1	
MAY	MON, JUN 1 @ 9:00AM		RPT # 22, 6/1 - 5	
JUNE	THU, JUL 2 @ 9:00AM		RPT # 26, 6/29 - 7/3	
JULY	MON, AUG 3 @ 9:00AM		RPT # 31, 8/3 - 7	
AUGUST	FRI, SEP 4 @ 9:00AM		RPT # 35, 8/31 - 9/4	
SEPTEMBER	FRI, OCT 2 @ 9:00AM		RPT # 39, 9/28 - 10/2	
OCTOBER	MON, NOV 2 @ 9:00AM		RPT # 44, 11/2 - 6	
NOVEMBER	FRI, DEC 4 @ 9:00AM		RPT # 48, 11/30-12/4	
DECEMBER	MON, JAN 4 @ 9:00AM		RPT # 1, 1/4 - 8	

\* Central Time. Release times may vary from above, if scheduled CME cash trading dates change.

## USDA ANNOUNCES NEW RISK PROTECTION PROGRAM FOR DAIRY FARMERS

WASHINGTON, January 6, 1998 -- Agriculture Secretary Dan Glickman today announced a new price insurance program for dairy farmers. This innovative pilot program will provide minimum pricing guarantees for dairy farmers through a cost-sharing agreement with the U.S. Department of Agriculture.

The new Dairy Options Pilot Program offers eligible producers a financial safety net by allowing them to purchase options on the price of their milk. Under this program, when milk prices fall, producers will be able to offset losses based on projected future earnings, in effect insuring the price of their milk.

"With this innovative program, USDA will build on its efforts to help farmers" both large and small" to manage risk," said Glickman, "and the new program will thus help protect the financial well-being of dairy farmers."

The pilot program will give producers valuable risk management experience through commodity trading, and offer some of the skills needed to succeed under the current farm bill.

The program will last six months for each group of participants. During that time, participants must hedge between 200,000 pounds and 600,000 pounds of milk production. USDA will pay \$30 in transaction costs and 80 percent of the options premium costs for producers who participate in the insurance program. Dairy farmers will pay the remaining 20 percent.

This pilot program represents several significant innovations for USDA's Risk Management Agency (RMA). The Dairy Options Pilot is RMA's first use of futures markets as a risk management tool. If successful, this approach may serve as a model to help producers who are trying to manage price risk for other commodities.

This price insurance program is also the first risk management instrument available to the dairy industry through USDA.

The Dairy Options Pilot Program, scheduled to begin this spring, is limited to six counties in six states that RMA will select on the basis of concentration of production and other factors. In order to participate in this pilot program, dairy producers must attend one of the free training sessions that USDA will host around the country.

USDA today announced publication of a notice seeking comment on this new program. To comment on the proposal, write to the Risk Management Agency, U.S. Department of Agriculture, Office of Insurance Services, 1400 Independence Ave. SW, Room 6739-S, Washington, DC 20250. For more information, contact Joe Conner at (202) 720-0191.

NOTE: USDA news releases and media advisories are available on the Internet. Access the USDA Home Page on the World Wide Web at <http://www.usda.gov>

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE PERIOD OF JANUARY 1 - 9, 1998				CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES		
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD		
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/97	LAST YEAR	01/02/98	LAST YEAR		
<b>BUTTER</b>									
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>									
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>									
Nonfortified	2,504,785	-0-	2,504,785	10,356,460	-0-	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	2,504,785	-0-	2,504,785	10,356,460	-0-	-0-	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**	MILKFAT*	SKIM**
	BASIS	SOLIDS	BASIS	SOLIDS
PERIOD OF JANUARY 1 - 9, 1998 =	0.6	29.2	COMPARABLE WEEK IN 1997 =	0.0
CUMULATIVE SINCE OCTOBER 1, 1997 =	2.3	120.5	CUMULATIVE SAME PERIOD LAST YEAR =	0.0
CUMULATIVE JANUARY 1 - 9, 1998 =	0.6	29.2	COMPARABLE CALENDAR YEAR 1997 =	0.0

\* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/97 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
WEST	-0-	-0-	-0-	-0-	10,246,285	-0-	98.9	0.0
EAST	-0-	-0-	-0-	-0-	110,175	-0-	1.1	0.0
<b>TOTAL</b>	-0-	-0-	-0-	-0-	10,356,460	-0-	100.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1998MANUFACTURING MILK: Average Test 3.67% - \$10.05 per cwt.; 3.5% - \$9.95DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1150; 500# Barrels \$1.0850; Process American 5# \$1.1675; Process American 2# \$1.2075NONFAT DRY MILK: Nonfortified \$1.0280; Fortified \$1.0380; Instant \$1.1855Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 12/20/97 & Comparable Week 1996 (1/ 2/)

Regions*	1	2	3**	4**	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL
1997-Dairy cows HD (000)	0.3	1.7	---	12.4	24.8	3.2	4.2	0.9	10.6	2.9	61.0	2,805.4
1996-Dairy cows HD (000)	0.4	1.5	---	13.3	27.3	2.6	3.8	0.9	10.3	2.7	62.8	2,907.5
1997-All cows HD (000)	0.3	1.8	---	28.0	35.2	19.2	21.8	8.1	13.3	8.1	135.8	6,156.8
1996-All cows HD (000)	0.4	1.5	---	29.3	37.9	22.7	25.0	12.3	13.1	8.2	150.3	6,789.2

\*\*REGION 3 &amp; 4 COMBINED\*\*

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE PURCHASES (POUNDS) 01/07/98

<b>PROCESS</b>	<b>FEBRUARY DELIVERY</b>
SLICED	356,400 \$1.4174-1.4391

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/97 = 30,845,354

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/97 = 85,979

BASIC FORMULA PRICE (BFP), MAY 1995\* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29